

CAFE Info Sheet 2

Corporate Average Fuel Economy, Or CAFE, standards were established in the Energy Policy and Conservation Act (EPCA) of 1975 to ensure that all vehicles sold in the United States would meet certain fuel economy goals. Compliance with fuel economy standards are determined on the basis of each manufacturer's average fuel economy for the portion of their vehicles produced for sale in the United States.

What vehicles are subject to the CAFE rules,?

Vehicles are divided into two basic categories: passenger cars and light- duty trucks. This includes all four-wheeled highway vehicles of less than 8500 pounds Gross Vehicle Weight Rating (GVWR). The two categories are divided into domestic and imported fleets.

Separate CAFEs are then determined for each of these groups: domestic passenger cars, imported passenger cars, domestic trucks, and imported trucks. The separation of domestic and import CAFE calculations was required by the Energy Policy and Conservation Act (89 Stat. 871, PL 94-163, December 22, 1975).

Heavy-duty vehicles (vehicles and trucks over 8,500 pounds gross vehicle weight), motorcycles, and off-road vehicles are not currently subject to CAFE-

What determines whether a vehicle is domestic or import?

A vehicle is considered domestic if it is part of a domestic carline. For CAFE purposes, a carline is defined as domestic if 75 percent or more of the carline's value is of U.S. or Canadian origin. A carline with less than 75 percent U.S./Canadian origin is considered imported.

How is the determination made?

Content is determined individually for each carline designed by the manufacturer. The source of specific components or subassemblies used in each carline are evaluated to determine the domestic content. Unless the component is wholly the growth product or manufacture of the U.S. or Canada or substantially transformed into a new and different article within these countries, then the component is considered imported. See 40 CFR 600.511-80.

All imported components for a carline are totaled and then this total is divided by the cost of production for that carline. If the ratio is less than 0.25, the carline is considered domestic. A domestic content calculation is made for each carline, not for each plant or individual car. Therefore, if the same model is made at several plants, even if one plant is in the United States and the other is not, the determination is made for the entire carline.

Who decides the domestic or import content of motor vehicles?

Manufacturers determine the import content of each carline according to regulations and guidelines issued by the Environmental Protection Agency. Manufacturers then inform EPA of whether the carline is classified as import or domestic in a listing in their annual CAFE report, due by March

30 of the year following the model year (i.e., report on model year 1992 due March 30, 1993).

The exact domestic content is not certified, labeled, or tracked by the government, but EPA may audit the annual report from the manufacturer.

How are the domestic content determinations used?

The domestic content determination is used only to categorize carlines as import or domestic when calculating CAFE values for each manufacturer. The import/domestic determinations are not finalized until all sales for a model year are completed, at which time the CAFE is calculated. So the 1992 model year CAFE is calculated in mid-1993.

What is EPA's role in determining domestic content?

The procedures to measure fuel economy are similar to the procedures used to determine emission standard compliance. EPA was, therefore, authorized to collect additional data related to fuel economy during the emission certification process. This data is used to calculate the CAFE values, which are given to the Department of Transportation (DOT). DOT oversees the fuel economy program, setting standards and assessing fines.

For more information, write or call
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April 1992